HONDURAS/U.S. EXERCISES

JENNINGS: A major military exercise is coming to an end along the border between Honduras and Nicaragua. It is called *Granavero One. It involves more than 2700 troops from the U.S., Honduras and El Salvador. Behind the show of cooperation involved in this military exercise, there are new strains in the relationship between Honduras and the United States. Here's ABC's Peter Collins.

COLLINS: This may look like war, but it's just a war game. Combined force of 750 American, Honduran and Salvadoran paratroopers made a mock assault this morning sixteen miles from Nicaragua. Today's jump comes one week after Secretary of State Schultz was in Nicaragua talking to the Sandinistas. As one U.S. official here said, it's to show them we can do it. Looking at this public display of military cooperation so close to the Nicaraguan border, you might get the idea that relations between the U.S. and Honduras are in good shape. In fact, they are not. The Hondurans very much want protection from the Sandinistans next door, but they're nervous, even angry about the way the U.S. is handling its affairs here. Their chief complaint is mismanagement of the CIA's once secret war against the Sandinistas from bases in Honduras. ABC News has learned the Hondurans own investigation has revealed fraud, corruption and bad planning in the top ranks of the CIA's guerrilla army. A situation, they believed, was tolerated by this man, the CIA station chief here, and they recently demanded and got his removal. The Hondurans feel that if Congress cuts funding for the CIA operation, Honduras will be left with several thousand frustrated guerrillas on its hands, and an angry Sandinista regime.

In a nationwide TV speech last night the chief of the Honduran forces hinted, for the first time in public, that the limited aid that Honduras gets from the U.S. may not be worth the risks. Peter Collins, ABC News, Jamastran, Honduras.